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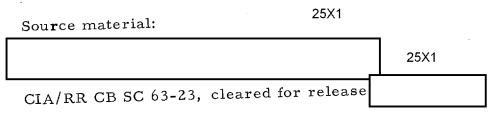
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BUBLECT:	Level of	Alloy Steel	Production in Communist China	
Communist China information has a Mevertheless, so allow sector of	has been ever been me indica the indus	lacking size available of tion of the try during	l output of grude steel in ce 1950 and no aggregative on alloy and special steels. level of sctivity in the recent years can be deduced from	25X1

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s relatively high level of activity at most mills known to have been significant producers of alloy steel prior to the information blackout in 1960. It is also known, however, that the proportion of alloy steel to total steel production at many of these plants was small. Therefore, merely because a plant was operating at a relatively high level would not necessarily mean a correspondingly high level of

alloy steel production.

3. In the case of China, a further indication of the level of allow steel production is the level of imports of those alloying materials that the country possesses in only very limited indigenous reserves, particularly chrome and mickel. Betimated imports of chrome, both metallurgical and refractory grades, and nickel in 1962 were at or near the 1960 level. Information for 1963 is incomplete. Using analogous western consumption data some insight into the level of alloy steel output on the mainland is possible.

4. In the UB during 1962 appreximately 58,000 tons of mickel, or roughly one-half of total demestic consumption, was used by the steel industry in the production of approximately 9 million tons of stainless and engineering-alloy steels and high-temperature and electrical resistence alloys. (The remaining 50 percent of US consumption of nickel in 1962 was utilized in other industrial applications, principally in the production of nonferrous alloys, cast irons, catalysts, and for electro plating.) On an average basis the quantity of nickel consumed in the steel industry relative to the amount of alloy steel produced, including stainless, in the US during 1962 therefore amounted to about 0.65 percent.

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- 5. Known Chinese imports of nikkel in terms of metal content approximated 5,000 tons in 1962, which since domestic output of nickel is believed to be negligible, probably represented the maximum amount available for communition from current supply. Using the US nickel input figure of 0.65 percent and essuaing that as in the US at least one half of the mickel supply, or 2,500 tons, was consumed by the steel industry in the neighborhood of 350,000 tons of alloy steel could have been produced in 1962. Such an analogy, of course, can suggest only a general order of magnitude and is subject to:a considerable range of error. Unknowns include how much of the 5,000 tons of nickel was used in the alloy steel sector (no evidence of stockpiling is available) as well as how closely the 0.65 imput factor corresponds with that in China. An additional unknown is what portion of the Chinese alloy steel, once produced, is of an acceptable quality. In this latter connection, a competent observer who toured five Chinese steel plants during September and October 1963 indicated the reject rate for alloy impots at the Dairon Alloy Steel Hill was running about 40 percent
- 6. It should also be noted that Chinese press releases over the past two years indicate a continued priority for the production of alloy and special steels.
- 7. However, even though demestic output may have continued at a resecutably high level, the total apply of alloy steel available to the soonomy would be sharply below that of 1960. Estimated imports of finished steel products in 1962, a large portion of which consisted of alloy types, probably amounted to about 270,000 tons compared with approximately 300,000 tons in 1960.

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